

THE TORONTO STOCK EXCHANGE

30/11/68

FILING STATEMENT NO. 1661.
FILED, DECEMBER 2nd, 1968.

MONTEX APPAREL INDUSTRIES LIMITED

Full corporate name of Company

Incorporated under The Corporations Act (Ontario) by Letters Patent of Amalgamation dated July 2, 1965.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	On June 20 and September 19, 1968 certain changes took place in officers and directors of the Company which are more fully set forth in item 3. On July 12, 1968 the Company sold all the issued and outstanding shares of its Quebec based subsidiaries for a purchase price of \$1,200,000 and foregave payment of an account receivable from Dorsay (Canada) Limited in the amount of \$1,324,232.94. Further particulars are given in item 20. The price payable on the exercise of share purchase warrants outstanding entitling the holders to purchase in the aggregate 108,000 common shares was reduced from \$6.66-2/3 to \$3.00. See item 6 and Schedule B. On June 20, 1968 the head office of the Company was changed from 88 Ronson Drive, Toronto, Ontario to 134 Cannon Street East, Hamilton, Ontario.												
2. Head office address and any other office address.	134 Cannon Street East, Hamilton, Ontario.												
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	See Schedule A. On June 10, 1968 Messrs. A. George Brown, Ralph Blumenstein, N. Saykaly, D. R. Annett and C.R. Duff ceased to be directors of the Company, the number of directors was decreased to 9 and Messrs. F. Levasseur, D. N. Mendels, A. E. Saunders and G. W. Thornes were elected to fill the vacancies. Also on June 20 Mr. A. George Brown retired as President and Chief Executive Officer, Mr. N. Lieberman moved from Executive Vice-President to President, Messrs. Ralph Blumenstein and N. Saykaly retired as General Manager and Vice-President respectively and Mr. Archie Basen became Executive Vice-President and Treasurer. On September 19, 1968 Mr. A. Dudley Freeman became Vice-President, Finance.												
4. Share capitalization showing authorized and issued and outstanding capital.	As of June 28, 1968 <table><tr><td></td><td>common</td><td>2,008,701</td></tr><tr><td>Authorized</td><td>preference</td><td>133,583</td></tr><tr><td>Issued & Outstanding</td><td>common</td><td>1,147,815</td></tr><tr><td></td><td>preference</td><td>133,583</td></tr></table>		common	2,008,701	Authorized	preference	133,583	Issued & Outstanding	common	1,147,815		preference	133,583
	common	2,008,701											
Authorized	preference	133,583											
Issued & Outstanding	common	1,147,815											
	preference	133,583											
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	6½% first mortgage sinking fund bonds Series A due November 15, 1980 - balance 2,435,000 Notes due \$10,000 half yearly to 1971 bearing interest at 6% from July 1, 1967 - balance \$70,000.												
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	See Schedule B. on page 4.												
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	See Schedule B. on page 4.												

8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	N/A
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company is engaged in the manufacture and sale of various types of wearing apparel including men's and boys' underwear and hosiery, sports clothing and children's wear and the Company proposes to continue in these fields.
10. Brief statement of company's chief development work during past year.	In July, 1968 the Company sold its Quebec subsidiaries as referred to in item 1. The Company is currently consolidating its operations and continuing in the fields of endeavour referred to in item 9.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	N/A
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	N/A
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	N/A
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	N/A
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	See Schedule C on page 4.
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Mr. Nathan Lieberman, the President of the Company, and his wife, Mrs. Frances Lieberman, may be in a position to affect control if they obtain proxies from the other large shareholders shown in Schedule C and from other shareholders generally.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	The Company does not have any investment in the shares or securities of other companies except for its wholly owned subsidiaries, namely, Unique Crests and Athletic Supplies Limited, Lieberman Brothers Limited and Sujuron Limited.

SCHEDULE A.DIRECTORS

<u>NAME</u>	<u>ADDRESS</u>	<u>CHIEF OCCUPATION</u>
A. Basen	29 Hilltop Rd, Toronto	Executive Vice-President of the Company & formerly director, American Louver of Canada Ltd.
W.A. Corbett	240 Inglewood Dr., Toronto	Solicitor, Fraser, Beatty, Tucker, McIntosh & Stewart.
G.F. Garfield	400 Walmer Road, Toronto	Accountant
F. Levasseur	50 Montee de Liesse, Montreal	Retired
N. Lieberman	90 Old Forest Hill Road, Toronto	President of the Company, formerly Executive Vice-President of the Company and President of Lieberman Brothers Limited.
D.N. Mendels	50 Montee de Liesse, Montreal	Vice-President & Director Leviton Mfg. of Canada Ltd.
A.E. Saunders	1947 Leslie Street, Toronto	President, Denton Childrens Wear Products Limited
G.W. Thornes	c/o Montex Apparel Industries Limited, Page Street, St. Catherines	General Manager, Hosiery Division of the Company.
D.A. McIntosh	95 Dinnick Cres., Toronto	Solicitor, Fraser, Beatty, Tucker, McIntosh & Stewart.

OFFICERS

<u>NAME & OFFICE</u>	<u>ADDRESS</u>	<u>CHIEF OCCUPATION</u>
N. Lieberman President	90 Old Forest Hill Road, Toronto	President of the Company, formerly Executive Vice-President of the Company & President of Lieberman Brothers Limited.
A. Basen Executive Vice-President and Treasurer	29 Hilltop Rd., Toronto	Executive Vice-President of the Company & formerly director, American Louver of Canada Ltd.
W.A. Corbett Secretary	240 Inglewood Dr., Toronto	Solicitor, Fraser, Beatty, Tucker, McIntosh & Stewart.
L. VanBuskirk Assistant Treasurer	125 Forsythe St., Apt. 202, Oakville, Ontario	Employee of the Company and its predecessors.
A. Dudley Freeman, Vice-President, Finance	1265 Royal York Road, Islington, Ontario.	March 1960 to September 1964 - Secretary-Treasurer, Zenith Electric Supply Limited. September 1964 to May 1966 - self-employed. May 1966 to September 1967 - Secretary-Treasurer, The CTV Television Network Limited. September 1967 to September 1968 - Comptroller, Venus Pencil Company Limited. September 1968 to present - Vice-President, Finance of the Company.

SCHEDULE B

After giving effect to the sale of the Company's Quebec based subsidiaries on July 12, 1968 options to purchase common shares are outstanding under the Company's Share Option Plan as follows:

<u>Purchase Price</u>	<u>No. of Shares</u>	<u>Expiry Date</u>
\$3.66-2/3	1,500	Dec. 4, 1969

These options are held by Mr. G. W. Thornes.

Options are also outstanding to purchase 150,000 common shares at \$3.66-2/3 per share until October 14, 1969. These options were issued in October 1964 to the vendors of the shares of Dorsay (Canada) Limited, Intimate Apparel Inc., Dor-Say Lingerie Ltd., and The Saydor Corporation as part of the purchase price payable by the Company to such vendors for such shares.

There are also warrants outstanding entitling the bearers thereof to purchase 351,975 common shares in the aggregate at \$2.33 1/3 per share to January 15th, 1969 and at \$3.00 per share to January 15, 1974 and warrants entitling the bearers thereof to purchase 108,000 common shares in the aggregate at \$3.00 per share to November 15, 1980.

SCHEDULE C.

Five Largest Shareholders of The Company as of September 3, 1968.

	<u>NAME AND ADDRESS</u>	<u>NUMBER OF SHARES</u>
1.	Gee & Co.* 25 King Street West, Toronto	166,100 common shares
2.	Nathan Lieberman,*** 90 Old Forest Hill Road, Toronto	154,350 common shares
3.	Annett & Partners, 11 King Street West, Toronto	68,126 common shares 17,733 preference shares
4.	Mrs. Frances Lieberman,*** 90 Old Forest Hill Road, Toronto	55,650 common shares
5.	Bankmont & Co., c/o Bank of Montreal, 119 St. James Street West, Montreal, Quebec	48,300 common shares
6.	Strong McIlraith Ltd.** 133 Richmond Street West, Toronto	25,000 preference shares

* We are advised that the beneficial owner of 165,000 of the shares registered in the name of Gee & Co. is Bonsecours Management Ltd.

** The Shareholdings of Strong McIlraith Ltd are shown because the preference shares of the Company are convertible into common shares on the basis of three common shares for each preference share.

*** Mr. Nathan Lieberman and Mrs. Frances Lieberman are the beneficial owners of the shares registered in their names.

SCHEDULE D.

MATERIAL CONTRACTS

1. Contract dated March 26, 1964 with the Hamilton Cotton Company Limited for the purchase of cotton yarn by the Company. This contract is in the process of being re-negotiated.
2. Lease dated July 1, 1966 between the Company and Olympia & York Investments (1964) Limited of 88 Ronson Drive, Rexdale at a rental of \$75,000 per annum.
3. Option to repurchase from Meilleur Building Corporation the Ajax property sold by the Company to Meilleur Building Corporation in 1967 at the sale price thereof plus a premium expiring August, 1973.
4. Trust Indenture dated November 1, 1965, between the Company and The Royal Trust Company as Trustee securing 6½% First Mortgage Sinking Fund Bonds of the Company, together with a Supplemental Trust Indenture and ancillary agreements.
5. Warrant Indenture dated November 15, 1965 and a Supplemental Warrant Indenture under which the warrants referred to in paragraph 6 of the filing statement were issued.

FINANCIAL STATEMENTS

MONTEX APPAREL INDUSTRIES LIMITED

Consolidated Balance Sheet

September 30, 1968

ASSETS

Current

Accounts receivable - net	\$ 1,900,466	\$
Inventories of materials, supplies, work in process at cost and finished goods at net realizable value	3,107,931	
Prepaid expenses	31,266	5,039,663

Mortgage receivable	\$ 17,133	
Special refundable tax	4,695	21,828

Fixed - at cost

Land	\$ 55,964	
Buildings	903,575	
Machinery & equipment	3,423,725	
Furniture & fixtures	225,266	
	\$ 4,608,530	
Less: Accumulated depreciation	2,938,134	
	\$ 1,670,396	
Leasehold and plant improvements	15,550	1,685,946

Other Assets and Deferred Charges

Relocation	\$ 36,498	
Incorporation	6,116	
Loss on disposal of property	165,211	
Corporate legal	25,220	
Commissions of bond issues	35,823	
Goodwill	5,000	
Deferred pension contributions	18,475	
Others	900	293,243

Excess of cost of investment in certain subsidiaries over book value at date of acquisition		46,871
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Total Assets		\$ 7,087,551
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To the best of our knowledge the above consolidated balance sheet presents fairly the consolidated financial position of the Company and its subsidiaries at September 30, 1968.

Nathan Lieberman
Director

Archie Basen
Director

LIABILITIES

Current

Bank indebtedness	\$ 2,121,389	\$
Accounts payable and accrued charges	873,998	
Income and other taxes	117,950	
Long term debt payments due within 1 year	220,000	3,333,337

Long Term Debt

6% Notes (\$ 10,000 due semi annually plus interest)	\$ 70,000	
7½% First mortgage bonds (\$ 20,000 due annually plus interest)	2,465,000	
	\$ 2,535,000	
Less: Amount due within one year included in current liabilities above	220,000	2,315,000

MONTEX APPAREL INDUSTRIES LIMITED and SUBSIDIARIES

Consolidated Balance Sheet

September 30, 1968

SHAREHOLDERS' EQUITY

Share Capital

5½% cumulative redeemable convertible
first preference share of \$ 8.00
each (redeemable at \$ 8.40) No. of Shares

Authorized 128,733

Issued and outstanding 128,733 \$ 1,029,864

Common shares without par
value

Authorized 2,008,701

Issued and outstanding 1,161,165 2,803,910

\$ 3,833,774
2,394,560

1,439,214

Deficit per attached

\$ 7,087,551

MONTEX APPAREL INDUSTRIES LIMITED and SUBSIDIARIES

Consolidated Statement of Deficit

for the nine month ended September 30, 1968

Retained earnings, January 1, 1968

\$ 12,920

\$

Add:

Profit from operations

70,140

83,060

Deduct:

Expenses relating to prior years

\$ 126,555

Loss on sale of subsidiaries

2,351,065

2,477,620

Deficit September 30, 1968

\$ 2,394,560

MONTEX APPAREL INDUSTRIES LTD.

QUEBEC SUBSIDIARY COMPANIES

COMBINED BALANCE SHEET

1968

	Dorsay (Canada) Limited 12/31/67	Intimate Apparel Inc. 12/31/67	Dor-Say Lingerie Ltd. 12/31/67	Pedigree Mfg. Co. Ltd. 11/30/67	Montino Fashions Inc. 12/31/67	Passport Apparel Inc. 12/31/67	Night and Day Fashions Ltd. 11/30/67	The Saydor Corporation 4/30/67	Combined
CURRENT ASSETS									
Cash on hand and in bank	\$ 32,982		\$ 263			\$ 750		\$ 118	\$ 34,113
Accounts receivable (net)	801,401			\$ 422,847	\$ 73,730	49,468			1,347,446
Merchandise inventory (at the lower of cost or net realizable value)	1,637,277			462,072	111,461	257,139			2,467,949
Other current assets	74,911			18,355	2,361	11,120			106,747
	2,546,571		263	903,274	187,552	318,477		118	\$3,956,255
Special refundable corporation tax Due from affiliated companies	734,784	\$220,112	286,336	4,669	1,134		\$ 37,605	5,609	5,803
	721,959			179,281	62,867	45,616			1,009,723
FIXED ASSETS (net) *	4,003,314	220,112	286,599	1,087,224	269,563	364,093	37,605	6,727	4,971,781
CURRENT LIABILITIES									
Bank loans	1,315,000			391,800	110,000				1,816,800
Accounts payable	834,142			237,566	96,106	82,232		45,522	1,295,568
Installments of long term debt due within one year	4,247			18,000					22,247
	2,153,389			647,366	206,106	82,232			3,134,615
DEFERRED LIABILITIES									
Mortgage and other loans	82,904		1,002	21,000					104,906
Montex Apparel Industries Ltd. Affiliated companies	1,399,233			295,067		485,239			1,399,233
	568,672								-1,348,978
CAPITAL STOCK									
Issued and fully paid	99,000	34,200	90,000	135,500	40,000	10,000	8,000	3,990	420,690
RETAINED EARNINGS									
	- 299,884	185,912	195,597	- 11,709	23,457	-213,378	29,605	2,737	- 87,663
	4,003,314	220,112	286,599	1,087,224	269,563	364,093	37,605	6,727	4,971,781
	415,683			184,456	17,372	32,459			649,970

*After deducting accumulated depreciation of

MONTEX APPAREL INDUSTRIES LTD.

QUEBEC SUBSIDIARY COMPANIES

COMBINED STATEMENT OF OPERATIONS

FOR THE FISCAL YEARS ENDED IN 1967

	<u>Dorsay (Canada) Limited 12/31/67</u>	<u>Pedigree Mfg. Co. Ltd. 11/30/67</u>	<u>Montino Fashions Inc. 12/31/67</u>	<u>Passport Apparel Inc. 12/31/67</u>	<u>The Saydor Corporation 4/30/67</u>	<u>Combined</u>
<u>SALES</u>	\$6,091,631	\$1,308,915	\$931,801	\$761,502	\$ -	\$8,993,849
<u>DIRECT COSTS</u>	4,516,725	824,788	609,180	605,029	-	5,555,722
<u>GROSS MARGIN</u>	1,574,906	484,127	222,621	156,473	-	2,438,127
<u>EXPENSES</u>						
Manufacturing	655,541	150,115	84,852	104,941	-	\$995,449
Selling and delivery	457,930	128,124	60,803	63,610	-	710,467
Administrative and general	368,343	32,364	25,747	33,925	655	461,034
Financial	194,980	39,353	18,329	11,909	-	264,571
Management fee	40,000	-	-	-	-	40,000
	1,716,794	349,956	189,731	214,385	655	2,471,521
<u>NET OPERATING PROFIT - before the following -</u>	- 141,888	134,171	32,890	-57,912	-655	- 33,394
Interest on long term debt	5,360	3,414	-	-	-	8,774
Depreciation	78,657	30,090	5,792	7,341	-	121,880
	84,017	33,504	5,792	7,341	-	130,654
<u>NET PROFIT</u>	- 225,905	100,667	27,098	-65,253	-655	- 164,048

COMBINED STATEMENT OF DEFICIT

FOR THE FISCAL YEARS ENDED IN 1967

RETAINED EARNINGS - BEGINNING OF YEAR

PROFIT OR LOSSES FOR THE YEAR

DEFICIT - END OF YEAR

76,385
164,048
87,663

18. Brief statement of any lawsuits pending or in process against company or its properties.	A writ has been issued against the Company by The William Carter Company claiming an injunction against the sale of certain children's wear but no Statement of Claim has been filed or served to date.
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	See Schedule D. on page 5.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	<p>On July 12, 1968 Mr. A. George Brown sold 58,000 common shares and 25,000 preference shares of the Company and Mr. Nicholas Saykaly sold 40,000 common shares of the Company to a group formed by Mr. Archie Basen for a net cost to the purchasers of \$1.80 per common share and \$5.40 per preference share. On the same date Messrs. Brown and Saykaly acting on their own behalf and on behalf of The Duplan Corporation of North Carolina purchased from the Company (i) all the issued and outstanding shares of Dorsay (Canada) Limited, Intimate Apparel Inc., Dor-Say Lingerie Limited, The Saydor Corporation, Pedigree Mfg. Co. Ltd., Night and Day Fashions Ltd., Montino Fashions Inc. and Passport Apparel Inc., which were all the Quebec subsidiaries of the Company, and (ii) an account receivable from Dorsay (Canada) Limited in the amount of \$1,324,232.94, for an aggregate purchase price of \$1,200,000, which purchase price was paid in cash. The Company applied the proceeds of the sale as follows:</p> <ul style="list-style-type: none"> (i) \$500,000 was added to its working capital; (ii) \$365,000 was used to pay off notes due April 30, 1969; (iii) \$335,000 was used to retire first mortgage bonds. <p>At the time of closing it was agreed that the interest payable on the first mortgage bonds would be increased from 6½% per annum to 7½% per annum and that the price payable on the exercise of warrants relating to 108,000 common shares of the Company would be reduced from \$6.66 2/3 per share to \$3.00 per share. To the best of our knowledge there are no shares of the Company presently in the course of primary distribution to the public.</p>

CERTIFICATE OF THE COMPANY

DATED September 19, 1968

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

MONTEX APPAREL INDUSTRIES LIMITED

"N. Lieberman"

"W.A. Corbett"

President

Secretary

CORPORATE
SEAL

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)